

THE

Tobacco

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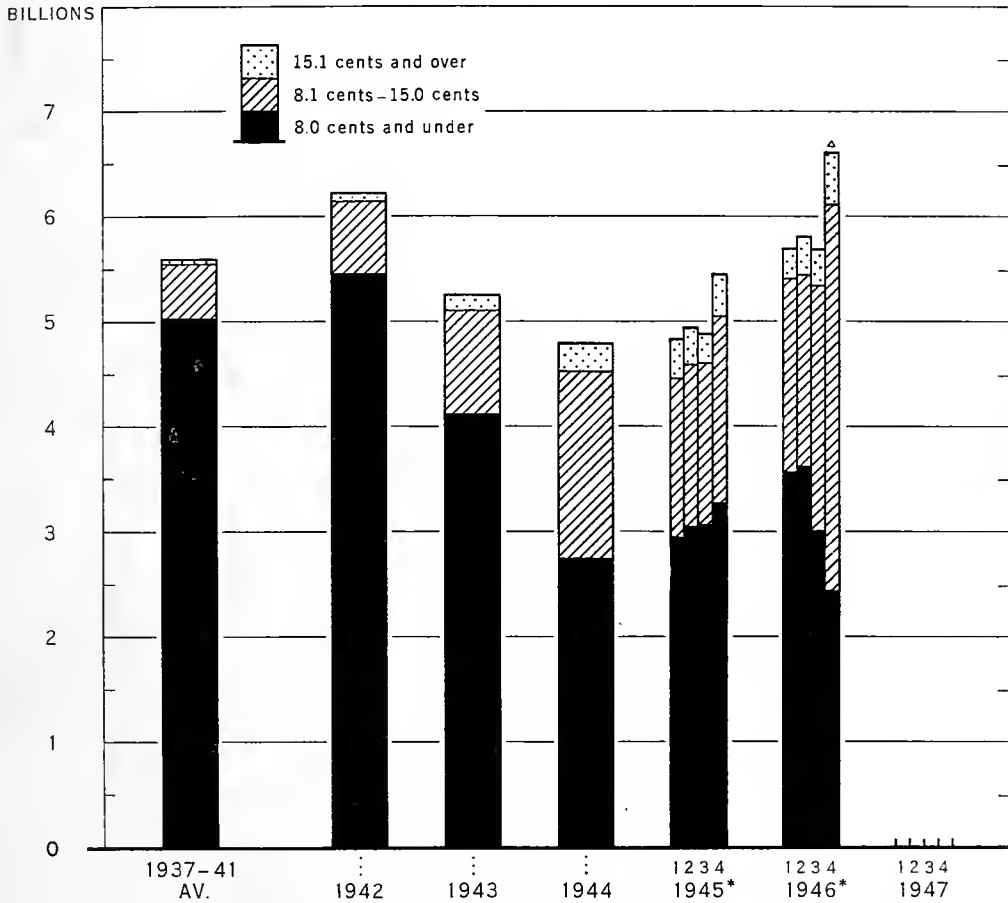
BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

TS - 39

BAE

JANUARY 1947

CIGAR CONSUMPTION IN THE UNITED STATES ACCORDING TO RETAIL PRICE RANGE, 1937-41 AVERAGE, AND 1942-46



CONSUMPTION AS INDICATED BY TAX-PAID WITHDRAWALS OF LARGE CIGARS BY PRICE CLASSES
IN INTERNAL REVENUE REPORTS

*QUARTERLY DATA FOR 1945 AND 1946 ADJUSTED TO ANNUAL RATE

△ PARTLY ESTIMATED

U. S. DEPARTMENT OF AGRICULTURE

NEG. 46268 BUREAU OF AGRICULTURAL ECONOMICS

Cigar consumption in the United States (excluding armed services overseas) averaged a little over 5½ billion 1937-41, increased to more than 6 billion in 1942 and then decreased during the mid-war years when supplies were inadequate to satisfy both civilian and armed force demands. Since V-J day the consumption has been rising, sustained by high employment and income levels. The retail price pattern of cigars has changed strikingly. In the pre-war years close to 90 percent of all cigars consumed sold for 5 cents or less. In the 4th quarter of 1946 about 38 percent of cigars consumed sold for 8 cents or less compared to 60 percent in that price range in the 4th quarter of 1945.

STATISTICAL SUMMARY

Item	Unit or base period	1945				1946				Last data available as percent of a year earlier
		Sept.	Oct.	Nov.	Dec.	Sept.	Oct.	Nov.	Dec.	
Prices received by farmers at auctions currently open:	Cents per pound									
Flue-cured		42.2	44.1	46.0	44.3	48.2	50.8	43.6	--	95
Burley	"	---	---	---	45.3	---	---	---	40.8	90
Fire-cured	"	---	---	---	28.9	---	---	---	31.1	108
Dark air-cured	"	---	---	24.1	24.2	---	---	23.6	23.0	95
Parity Prices	Cents per pound									
Flue-cured		33.2	33.4	33.4	33.4	38.5	39.8	41.0	41.2	123
Burley	"	32.3	32.4	32.4	32.4	37.3	38.6	39.7	40.0	123
Fire-cured	"	15.4	15.5	15.5	15.5	17.8	18.5	19.0	19.2	124
Dark air-cured	"	12.3	12.4	12.4	12.4	14.3	14.8	15.3	15.4	124
Index of Prices Paid	1919-28=100 1/; 1934-38=100 2/	113	114	114	114	131	136	140	141	124
		145	146	146	146	168	174	179	180	123
Tax-paid Withdrawals,										
Cigarettes, small 3/	Million	26,360	31,340	25,406	16,061	26,865	32,778	27,696	22,695	141
Cigars, large 3/	"	427	517	472	368	464	594	555	471	128
Chewing and Smoking	Mil. lb.	24	27	23	12	19	22	19	14	117
Snuff	"	3.4	3.8	3.7	3.0	3.1	3.8	3.3	3.2	107
Accumulated since Jan. 1:										
Cigarettes, small 3/	Million	194,815	226,156	251,562	267,622	238,305	271,083	298,779	321,474	120
Cigars, large 3/	"	3,657	4,174	4,646	5,014	4,294	4,888	5,443	5,914	118
Chewing and Smoking	Mil. lb.	207	234	258	270	155	177	197	211	78
Snuff	"	33	37	41	44	29	33	36	40	90
Cigarettes, tax-free	Million	802	1,269	1,348	1,466	1,944	2,561	3,165		235
Accumulated since Jan. 1:										
Tax-free	"	60,441	61,710	63,058	64,525	22,364	24,925	28,090		45
Tax-paid plus tax-free	"	255,256	287,866	314,620	332,147	260,669	296,008	326,869		104
Stocks beginning of quarter 4/(farm-sales weight)	Million pounds									
Flue-cured	"		1,483				1,495			101
Burley	"		759				853			112
Maryland	"		52				40			77
Fire-cured	"		132				105			80
Dark air-cured	"		60				60			100
Cigar, filler	"		143				129			90
Cigar, binder	"		102				104			102
Cigar, wrapper	"		18				17			94
Exports (farm-sales wt.)	Monthly									
Flue-cured	Thousand pounds	26,187	35,047	25,490	22,621	50,036	51,353	99,279		389
Burley	"	1,478	1,863	1,138	1,807	2,449	4,184	2,898		255
Maryland	"	40	106	139	768	302	67	1,114		801
Fire-cured	"	9,563	5,670	2,223	4,270	1,979	3,214	2,729		123
Dark air-cured	"	825	1,324	709	783	991	561	482		68
Cigar	"	71	1,308	621	539	254	359	414		67
Total 5/	"	38,193	45,536	30,419	30,889	56,061	59,817	107,014		352
Accumulated since beginning of crop year	Thousand pounds									
Flue-cured	"	90,064	125,111	150,601	173,222	100,376	151,729	251,008		167
Burley	"	9,437	6/1,863	3,001	4,808	35,272	6/4,184	7,082		236
Maryland	"	2,007	2,113	2,252	3,020	5,055	5,122	6,236		277
Fire-cured	"	63,851	6/5,670	7,983	12,163	47,632	6/3,214	5,943		74
Dark air-cured	"	6,278	6/1,324	2,033	2,816	13,122	6/561	1,043		51
Cigar	"	3,455	1,308	1,929	2,468	6,756	359	773		40
Total Income Payments	1935-39=100	229	231	236	234	247	254	259		110
Index of Industrial Production 7/	1935-39=100	171	164	167	161	184	184	182	176	109
Percent Labor Force Employed	Monthly	96.9	96.2	96.7	96.3	96.5	96.7	96.7	96.4	100

1/ All types except flue-cured, 11-14 and Burley, 31. 2/ Flue-cured types, 11-14 and Burley type 31. 3/ Includes Puerto Rico. 4/ Stocks for October 1, 1946 are preliminary. 5/ Includes a small amount of Perigue. 6/ Beginning of next crop year. 7/ Unadjusted.

THE TOBACCO SITUATION

Approved by the Outlook and Situation Board, January 28, 1947

SUMMARY

The production and consumption of cigarettes and cigars during the calendar year 1946 were above recent years, reflecting high levels of economic activity and sustained consumer purchasing power. Production, and consumption are expected to continue at high levels during the first half of 1947. Consumption for the year probably will equal and may exceed 1946; if income payments and employment are maintained near current levels.

Consumption of cigarettes in 1946 was at a record rate and about 321 billion (tax-paid withdrawals) were consumed domestically. Production of around 350 billion cigarettes (tax-free plus tax-paid withdrawals) was the highest annual output ever achieved and exceeded 1945 production about 6 percent. Prices advanced moderately during the year.

Consumption of cigars during 1946, according to indicated tax-paid withdrawals, was 5.2 billion; the highest since 1942. Prices advanced during the year, and both the proportion and number of cigars retailing for more than 8 cents increased.

Smoking tobacco production declined sharply during the first half of 1946 after which it leveled off. The January-October figures were 41 percent below the comparable period in 1945. Production and consumption in 1947 probably will be about the same as in 1946. If economic activity declines consumption of smoking tobacco would tend to increase.

Chewing tobacco production for the 1946 January to October period was 11 percent below the same months in 1945. Scrap and fine-cut chewing tobacco declined the least from last year and plug and twist fell off the most. Production and consumption of chewing tobacco will perhaps react to economic change about the same as smoking tobacco and if "high-gear" economic activity is sustained no great change is expected in 1947.

Snuff consumption in the calendar year 1946 was 9 percent below the 1945 record and production and consumption during 1947 are expected to be about the same as 1946.

The 1946 crop of flue-cured tobacco was the largest ever produced and supplies for the 1946-47 marketing year are higher than for the previous year. The crop was sold at an average of about 48 cents per pound - nearly ten percent above last season. Currently large cigarette manufacture and strong exports will result in a total disappearance in 1946-47 exceeding that of 1945-46. A 10 percent upward revision in the 1947 national quota for fluecured was announced after discussions with growers in December.

Burley supplies are at a very high level and the third successive large crop is being marketed. Prices in contrast to last season, have remained fairly stable--averaging 40.2 cents per pound for sales through January 24. Although total disappearance during 1946-47 is expected to exceed that of 1945-46, the carry-over on October 1, 1947 will be large. The announced 1947 marketing quota is about 15 percent below 1946 production.

(For Release 5, A. M.)

Fire-cured supplies for 1946-47 are above last year because of the larger crop produced in 1946. Prices of Virginia fire-cured in December were above last season, but January prices were below last year. Prices of other types of fire-cured for opening sales in mid-January were below a year ago. Disappearance in the current year is expected to be larger than last year. The acreage goal for 1947 calls for 10 percent increase for fire-cured tobacco.

Dark air-cured tobacco supplies for 1946-47 are greater than last year and prices for all types have been lower. Exports were fairly strong during the past year but domestic consumption was lower. Total disappearance in 1946-47 will probably be smaller than in 1945-46. Acreage allotments for types 35 and 36 in 1947 are 10 percent below 1946.

Domestic cigar filler supplies are slightly above last year and cigar binder supplies were appreciably higher than the low point of last year. Disappearance in 1946-47 is expected to be larger than 1945-46 because of the anticipated large cigar manufacture. Acreage goals call for 5 percent increase in Pennsylvania, Connecticut, and Wisconsin; and 15 percent increase in Ohio, Massachusetts and in the Havana Seed area of New York and Pennsylvania.

Wrapper supplies are about the same as last year. Disappearance has been higher than in the previous year. The acreage goal calls for a slight increase in Connecticut Valley shade type 61.

(For Release 5, A. M.)

PRODUCTION AND CONSUMPTION OF TOBACCO PRODUCTS

Cigarettes

The production of cigarettes in the calendar year 1946 again set a new record as it has each calendar year since 1932. Approximately 350 billion cigarettes were manufactured in 1946, 6 percent more than in 1945 and 88 percent above the 1937-41 average of 186 billion. Domestic consumption as indicated by tax-paid withdrawals was 321 billion while exports and tax-free withdrawals totaled approximately 30 billion, about 3 times the 1937-41 average. In 1945, tax-paid withdrawals totaled 268 billion and exports plus tax-free withdrawals amounted to 64 billion. The Philippine Islands took 40 percent of 1946 exports. If employment and income payments are maintained at high levels, continuing high cigarette production and consumption in 1947 are expected. Cigarette prices advanced moderately during 1946 but with no apparent affect on consumption.

Cigars

Cigar consumption in 1946 as indicated by tax-paid withdrawals for the calendar year was 5.9 billion, the highest since 1942. Conditions more favorable to cigar factory output helped make possible this relatively high consumption level. Numbers of cigars within the various Internal Revenue Classes (according to the prices at which intended to retail) changed during the war years and particularly during the last half of 1946 after ceilings were removed from all tobacco products. (See chart on cover). Many of the popular brands which had sold for 2 for 15 cents were increased to 9 cents and many of the higher priced brands were also advanced. The groups selling for more than 8 cents have expanded considerably and during the last quarter comprised 62 percent of the total while those selling for 8 cents and below had decreased. If high employment and income payments are maintained, cigar production in 1947 may exceed that of 1946 and cigar consumption probably will continue at current high rates.

Smoking Tobacco

The production of smoking tobacco declined very sharply in 1946 from the 1945 level. The output of smoking tobacco in the first ten months of 1946 was 41 percent below the same period of 1945 and 48 percent below the average for the same period in 1937-41. The downtrend appears to have reached its lowest point in the first quarter of 1946. Each month from July to October, showed an increase. The production for October was 11.7 million pounds compared to the monthly average of 14.1 million pounds during 1945. Consumption of manufactured tobacco (smoking and chewing) indicated by tax-paid withdrawals totaled about 211 million pounds in the calendar year 1946, or about 22 percent less than in 1945. When economic activity and income payments are at high levels, smoking tobacco consumption usually recedes and cigarettes and cigar consumption increase. A continuing high income level will tend to maintain this pattern of consumption. Since pipe-smoking is a cheaper form of tobacco consumption, a decline in consumer purchasing power would tend to bring about some increases in usage of smoking tobacco.

Chewing Tobacco

The 91.2 million pound production of twist, fine-cut, plug and scrap chewing in the first ten months of 1946 was 11 percent below that period in 1945, but above the 1937-41 average for the corresponding months. Plug and twist were about 15 percent below last year and very near their 1937-41 average level. While fine-cut was only 6 percent lower than in the same period of 1945, it was 23 percent below its 1937-41 average. Scrap chewing manufacture in the first ten months of 1946 fell 7 percent below the same months of 1945, but was 7 percent over the 1937-41 average for those months. The production of plug, twist and scrap in October (last month for which data is available) was larger than in any other previous month in 1946. Production of chewing tobacco in 1947 may increase by a moderate amount for reasons similar to those mentioned under smoking tobacco. However, the persistent long-term downward trend will probably continue.

Snuff

Snuff consumption as indicated by tax-paid withdrawals, in the calendar year 1946 was about 39 million pounds or 9 percent below the record high year of 1945 but around 4 percent above the 1937-41 average. Although snuff has shown some response to wide swings of business activity, snuff consumption has been relatively stable through many years. Production in 1947 is not expected to be greatly different from 1946.

Flue-Cured, Types 11-14

Prices Average 10 Percent Above 1945 Season

The 1946 crop of flue-cured tobacco set new records in several respects. It was the largest crop in history and brought the highest average price of record. The season average price for the 1946 crop was about 48 cents per pound, about 10 percent higher than for 1945 and more than 100 percent above the 1934-38 average. Cash returns to growers for the 1946 crop were around 640 million dollars compared with 507 million dollars in 1945. During 1941-45 producers sales averaged 354 million dollars.

A very strong demand for the 1946 crop of flue-cured tobacco was sustained until mid-November when some weakness occurred in the Old and Middle Belts and prices declined. All markets in the Eastern North Carolina and the Old and Middle belts recessed November 27 because of the uncertainty of fuel supplies for redrying plants which resulted from the coal strike. When the coal strike ended, the holiday period was near and markets remained closed until January 2. Prices during January did not recover to earlier season levels. While prices usually taper off toward the end of the marketing season, the declines which occurred this season were greater than usual.

For the crop as a whole, however, the strong export demand and the high domestic usings for cigarette manufacture contributed to the favorable season average price.

Supplies Above Last Year;

Disappearance at High Level

Total supplies for 1946-47 are 2,470 million pounds, 170 million pounds or 7 percent above the preceding year. Stocks on July 1, 1946 were only about 21 million pounds larger than the preceding year but the record crop of 1,322 million pounds topped the 1945 production by nearly 13 percent.

It is currently estimated that total disappearance of flue-cured tobacco during 1946-47 will exceed 1945-46 by around 75 million pounds, primarily because of larger exports. In the marketing year ended June 30, 1946 disappearance was 1152 million pounds. An estimated 666 million pounds were used domestically and an estimated 486 million pounds (farm-sales weight) were exports.

Table 1.--Flue-cured tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-46 1/

Year	Production	Stocks July 1	Total supply	Disappearance year beginning July 1	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Average					
1934-38	741.0	844.9	1,585.9	704.3	22.9
1939	1,170.9	946.3	2,117.2	707.5	14.9
1940	759.9	1,409.7	2,169.6	576.7	16.4
1941	649.6	1,592.9	2,242.5	783.0	28.1
1942	811.7	1,459.5	2,271.2	892.4	38.4
1943	790.2	1,378.8	2,169.0	980.2	40.2
1944	1,089.7	1,188.8	2,278.5	1,152.2	42.4
1945 <u>2/</u>	1,173.5	1,126.3	2,299.8	1,152.4	43.7
1946 <u>2/</u>	1,322.2	1,147.4	2,469.6		

1/ Farm-sales weight.

2/ Preliminary.

Domestic use of leaf has been at a high level because of large cigarette production which in July-December 1946 was 4 percent above January-June and 12 percent above July-December 1945. In the 1946-47 year domestic consumption may decline slightly if cigarette consumption levels off or decreases because of lower incomes and employment. Flue-cured is the major export type and shipments for the first five months July-November of the 1946-47 marketing year were 251 million pounds (farm-sales weight). This is about 66 percent above the same period of the preceding year. A continuation of this rate, together with expected domestic disappearance, would result in carry-over stocks in the United States on July 1, 1947, only slightly above July 1946. Such carry-over stocks are somewhat low in relation to expected domestic consumption and exports if moderately high level employment is maintained and if export outlets continue favorable.

National Marketing Quota Revised Upward

The likelihood of greater flue-cured leaf requirements was considered by the Department of Agriculture and discussed with the growers in December. As a result, the national quota for 1947 was revised upward 10 percent, or from 1148 to 1263 million pounds. This production would bring total supplies for 1947-48 into better balance with prospective requirements. The outlook for prices is generally favorable. The average loan rate which is determined by the index of prices paid by farmers is expected to be higher than last year.

BURLEY, TYPE 31

Average Prices Above Last Year; High Proportion of Red Leaf

Burley marketings began in early December during the coal strike and early sellers jammed the auctions with tobacco. Opening prices were substantially below early season prices of the preceding year. During the second week of sales, following termination of the coal strike, prices improved slightly. In the pre-holiday period, gross sales were 231 million pounds at an average of 40.8 cents per pound, or about 10 percent below prices at the same period a year earlier. Contrasting with last season, prices for sales in the first three weeks of January averaged 40.9 cents per pound or 3.9 cents higher than the corresponding average for January 1946. Cigarette grades have been in strong demand. Prices for grades of "red leaf" have been below last season. Loan rates were based on 33.6 cents per pound--90 percent of the applicable parity price for burley with differentials for individual grades. Burley associations in the pre-Christmas sales period received under loan about twenty-five percent of the deliveries. Since early January this proportion has dropped to about twenty percent of deliveries.

Table 2.—Burley tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-46 1/

Year	Production	Stocks Oct. 1	Total supply	Disappearance year beginning Oct. 1	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Average					
1934-38	287.2	700.9	988.1	314.5	22.2
1939	395.4	684.1	1,079.5	317.2	17.3
1940	375.3	762.3	1,137.6	339.5	16.2
1941	336.8	798.1	1,134.9	379.6	29.2
1942	343.5	755.3	1,098.8	412.8	41.8
1943	391.4	686.0	1,077.4	426.2	45.6
1944	591.5	651.2	1,242.7	483.7	44.0
1945 2/	576.9	759.0	1,335.9	482.6	39.4
1946 2/	580.5	853.3	1,433.8		

1/ Farm-sales weight. 2/ Preliminary.

Supplies at Record Level;

Disappearance Close to Last Year.

Total supplies of burley for the 1946-47 marketing year are at the record level of 1434 million pounds (farm-sales weight) reflecting the last three years large production. This is 7 percent higher than total supply for 1945-46 and 26 percent above the average 1940-44. The December estimate of 1946 burley production was 581 million pounds which, together with record carry-over stocks of 853 million pounds, comprise total supplies. Stocks on October 1, 1946 were nearly 100 million pounds above the same date in 1945 and about 125 million pounds above the 1940-44 average. Total disappearance October-September 1945-46 was 483 million, almost identical to that of the preceding year. Exports were at a record level of about 35 million pounds (farm-sales weight) and domestic consumption was estimated to be around 447 million pounds--about 6 percent less than the 474 million pounds of 1944-45. Total disappearance in 1946-47 is expected to approximate 500 million pounds. Some increases in both domestic consumption and exports are in prospect. Despite this slightly larger disappearance, however, stocks next October 1 will top the record level of October 1, 1946 probably by 75 million pounds or more.

Marketing Quota and Acreage Allotments

Reduced for 1947

On October 25 burley growers voted overwhelmingly in favor of marketing quotas for three years 1947, 1948 and 1949. The 1947 announced marketing quota in 490 million pounds. This is about 15 percent less than the 1946 production. The goal acreage of 424,200 is 55,200 less than the 1946 harvested acreage of 477,400. This reduction is designed to bring total supplies for 1947-48 into better balance with anticipated requirements. If mounting surpluses are to be avoided smaller production in 1947 is essential. The total burley produced in the last three years has exceeded disappearance by around 350 million pounds. Continued excessive production would affect prices unfavorably and result in large quantities of tobacco being placed under government loan which would be a continuing price-depressing factor.

MARYLAND, TYPE 32

The 1946 Maryland tobacco crop was of record size--40.5 million pounds compared to the very small 1945 crop of 18.4. The 35 million pound carry-over on January 1, 1946 was very sharply down from last year. Total supplies for 1947, because of the large 1946 crop, are nearly 10 million above the preceding year and close to the 1941-45 average. Total disappearance during 1946 was about 30 million pounds, slightly above the preceding year. Exports accounted for a little more than one-fifth of total disappearance. Exports are expected to increase somewhat during 1947 and domestic consumption also will be higher. Prices for the 1946 Maryland crop, which goes to auctions in April, are expected again to be relatively favorable to growers. A strong demand is in prospect because of high cigarette manufacture and the low stocks on hand. The suggested goal acreage for 1947 is 50,000 or 5,000 acres higher than the harvested 1946 acreage.

Table 3.--Maryland tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-41 1/

Year	Production	Stocks January 1 of	Total	Disappearance yr. beginning Jan. 1	Average price per
		following year	supply	of the following yr.	pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Average 1934-38	27.5	38.4	65.9	27.5	19.7
1939	32.8	36.3	69.1	25.9	21.1
1940	32.6	43.2	75.8	30.8	33.0
1941	31.2	45.0	76.2	28.5	30.1
1942	28.1	47.7	75.8	32.0	56.5
1943	20.8	43.8	64.6	27.0	45.3
1944	38.2	37.6	75.8	29.3	55.5
1945 2/	18.4	46.5	64.9	3/ 29.9	55.0
1946 2/	40.5	3/35.0	3/ 75.5		
1/ Farm-sales weight. 2/ Preliminary. 3/ Estimated.					

FIRE-CURED, TYPES 21-24

Prices Below Record High Level
of Last Year

Sales of Virginia fire-cured, type 21, began December 9 with demand generally strong. The average price during the first week was 30.8 cents per pound, nearly 3 cents above opening week prices in December 1945. Although the average price advanced during succeeding weeks and for sales through January 21 was 31.5 cents per pound, this was below the average of 32.3 for all sales of type 21 in 1945. Kentucky and Tennessee fire-cured auctions, types 23 and 22, opened on January 9 and 13 respectively. Prices for type 23 sales through January 17 averaged 23.8 cents per pound, about 4 cents below the average for the comparable period last year.

For type 22, the average price for about 6-1/2 million pounds sold at auctions through January 22 was 27.2 cents per pound, close to 3 cents below the early season average a year ago. Fire-cured tobacco ranks second among export tobacco. Shipments are expected to continue strong because of depleted stocks abroad. The crop in Virginia is generally reported to be of superior quality. Support-price loan rates for fire-cured average 75 percent of the average burley loan rate. Deliveries of Virginia fire-cured to Associations have been small. About 25 percent of Kentucky and Tennessee fire-cured deliveries have been received by Associations for government loans.

Table 4. - Dark tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-46 1/

Year	Production	Stocks October 1	Total Supply	Disappearance Year beginning October 1	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
<u>Fire-cured</u>					
Total types 21-24					
Average 1934-38	110.2	194.2	304.4	123.0	10.2
1939	99.3	136.2	235.5	93.9	10.6
1940	107.6	141.6	249.2	65.3	9.5
1941	69.7	183.9	253.6	69.0	14.1
1942	71.5	184.6	256.1	76.3	17.1
1943	64.8	179.8	244.6	71.1	23.4
1944	65.1	173.5	238.6	106.8	24.5
1945 <u>2/</u>	58.3	131.8	190.1	85.2	31.5
1946 <u>2/</u>	96.3	104.9	201.2		
<u>Dark air-cured</u>					
Total types 35-37					
Average 1934-38	35.5	62.8	98.3	39.0	9.4
1939	44.2	56.1	100.3	34.7	7.3
1940	42.5	65.6	108.1	33.6	7.7
1941	31.5	74.5	106.0	42.0	12.0
1942	35.2	64.0	99.2	33.9	15.2
1943	30.0	65.3	95.3	37.6	27.2
1944	44.5	57.7	102.2	41.8	23.3
1945 <u>2/</u>	43.6	60.4	104.0	43.5	25.2
1946 <u>2/</u>	46.9	60.5	107.4		

1/ Farm-sales weight.

2/ Preliminary.

Fire-Cured Supply Above Last Year:
Exports and Consumption Less

Fire-cured production in 1946 of 96 million pounds exceeded the small 1945 production by 65 percent and, when added to the record low carry over, boosted total supply for 1946-47 to 201 million pounds--11 million more than for the preceding year but well below any other year of record. During the marketing year ended September 30, 1946 estimated exports totaled close to 47 million pounds (farm-sales weight) and estimated domestic usings were around 38 million pounds. Both were below the previous year with exports probably limited by supplies available. Total disappearance during the current marketing year (1946-47) is expected to be moderately larger, but stocks October 1, 1947 will probably exceed those of October 1, 1946.

1947 Acreage Goal Up 10 Percent

The acreage goal as announced called for a 10 percent increase in acreage over 1946, because, under average expectations, per acre yields in 1947 would not be as high as those obtained in 1946. Acreage allotments under the 1947 marketing quota program are the same as 1946.

DARK AIR-CURED, TYPES 35-37

Average Prices Below Last Year

Sales of One Sucker, type 35, and Green River, type 36, began in late November and of Virginia sun-cured, type 37, in the first week of December. Average prices of both types 35 and 36 through mid-January were close to 23.0 cents per pound. This was about 1.7 cents below last season's average price but very much above any prewar year. The highest recorded prices were realized for the 1943 crop. Virginia sun-cured prices through January 24 averaged 26.7 cents per pound compared with the 1945 season average of 33.8. In the early part of the marketing season auctions of types 35 and 36 were interrupted for a few days because of the coal strike and this probably contributed to some price uncertainty. Deliveries to the associations for government loans approximated nearly 25 percent in the early selling period. The average of the loan rate schedule for dark air-cured tobacco is $66\frac{2}{3}$ percent of the average burley loan rate.

Total Supply Up, Exports Higher

The carry-over stocks of the dark air cured types October 1, 1946 were the same as October 1, 1945, but the larger production in 1946 boosted total supply for 1946-47 to 107 million pounds compared to 104 million pounds a year ago. Production in 1946 was the highest since 1931 with the exception of 1937. Total disappearance during the marketing year ended September 30, 1946 was 43.6 million pounds, almost 2 million pounds above the preceding year. Significantly lower domestic consumption was more than offset by increases in exports. Exports in 1945-46 were about 13 million pounds (farm-sales weight), more than double the previous year and 12 percent above the 1934-38 average. The decline in the consumption of chewing and smoking tobacco which contributed to lower domestic consumption will also be a factor during the current year. Total disappearance during 1946-47 will probably be less as both exports and domestic consumption are expected to be below last year.

1947 Goal Less Than 1946

The total production goal announced for dark air-cured types including type 37 is 39.9 million pounds compared to the relatively high production of 46.9 million

pounds in 1946. The announced acreage goal for 1947 is 39,400 acres compared with the December 1946 acreage estimate of 39,900 acres. Per acre yields in 1946 were the highest of record for all three dark air-cured types. Smaller acreage under average conditions will result in a production in 1947 more nearly in line with consumption requirements. Marketing quotas and acreage allotments will be effective for types 35 and 36 and the 1947 allotments will be 10 percent below 1946.

CIGAR TOBACCO

Large Crops Increase Supplies of Filler and Binder: Prices of Some Types Well Above Last Year

Production of a large crop in Pennsylvania and some increase in the Ohio area over last year, lifted total supplies of cigar filler to 193 million pounds for the 1946-47 marketing year, slightly above last year but 21 million below the 1940-44 average. Disappearance in the marketing year ended September 30, 1946 was 64.1 million pounds, about 2.3 million above the previous year and over 10 million greater than in 1934-38. Cigar manufacture is expected to remain high through 1946-47 and consumption of domestic types of cigar filler will probably be slightly higher than in the preceding year. Reports to date indicate that prices for the 1946 crop are near or slightly above the 1945 season average of 34 cents per pound.

Production of nearly 72 million pounds of cigar binder, types 51-56, in 1946 exceeded 1945 by 10 million pounds. Stocks on October 1, 1946 were about the same as last year and total supply for 1946-47 is about 10 million pounds higher. This total supply is, however, almost 7 percent below the average for 1940-44. Domestic consumption of the binder leaf types is expected to be moderately greater during 1946-47 because of sustained high rate of cigar manufacture. Connecticut Valley binder (types 51 and 52) was sold mostly before harvest last August. Deliveries were made in volume in January and because of reported lower quality leaf, some crops are being delivered at prices lower than those of August. Average prices are expected, however, to be around 15 percent above last year. Wisconsin binder prices will probably be near last year's level. New York Havana Seed, Type 53, sold at higher prices than in 1945.

The supply of Connecticut Valley wrapper, type 61, and Georgia-Florida wrapper, type 62, is about the same as a year ago. Stocks on July 1, 1946, were lower by about 1 million pounds but the production increase in 1946, mostly of type 61, was 1.3 million pounds above the previous year. Disappearance in the marketing year ended June 30, 1946 was up 13 percent from the year previous and is expected to be higher for the current year. Increased use of domestic wrapper has been necessary as supplies of imported Sumatra wrapper dwindled. Stocks of Sumatra on October 1, 1946 were 1.2 million pounds (unstemmed basis) compared to the 1937-41 average of 2.9 million pounds.

1947 Acreage Goals Call for Increases

The 1947 goal for cigar filler, Pennsylvania Seedleaf, type 41 is 39,200 acres or 5 percent above 1946. For the Ohio, Miami Valley, types 42-44, the 1947 goal is 15 percent above 1946 or 6,300 acres. The 1947 Connecticut cigar binder goals, types 51 and 52, call for 11,700 acres or a 5 percent increase over 1946. The Massachusetts goal for the same types is 6,000 acres or a 15 percent increase. Wisconsin binder, types 54 and 55, has a 1947 acreage goal of 30,400 which is an increase of 5 percent over 1946 acreage. New York and Pennsylvania Havana Seed, type 53, has a 1947 goal of 1,400 acres - 15 percent above the 1946 acreage. The cigar wrapper goal for type 61 is a 300-acre increase and for type 62 the same acreage as in 1946.

Table 5.- Cigar tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-46 ^{1/}

Year and type	Production	Stocks ^{2/} October 1	Total Supply	Disappearance year beginning October 1	Average price per pound
	Million pounds	Million pounds	Million pounds	Million pounds	Cents
Total filler types 41-44 ^{3/}					
Average 1934-38	48.2	158.8	207.0	53.8	10.5
1939	62.4	139.4	201.8	53.1	11.6
1940	66.5	148.7	215.2	58.2	11.9
1941	71.5	157.0	228.5	61.7	12.4
1942	53.6	166.8	220.4	66.8	13.2
1943	47.4	153.6	201.0	55.6	13.6
1944	52.3	145.4	204.7	61.8	19.5
1945 ^{4/}	49.9	142.9	192.8	64.1	34.0
1946 ^{4/}	64.4	128.7	193.1		
Total Binder types 51-56					
Average 1934-38	41.3	165.1	206.9	60.5	12.4
1939	63.3	116.6	179.9	45.0	16.6
1940	67.9	134.9	202.8	66.1	14.5
1941	61.6	136.7	198.3	60.4	16.9
1942	55.7	137.9	193.6	67.0	20.3
1943	51.4	126.6	178.0	69.5	30.3
1944	57.0	103.5	165.5	63.2	30.9
1945 ^{4/}	61.9	102.3	164.2	60.8	47.8
1946 ^{4/}	71.9	103.4	175.3		
Total wrapper types 61-62					
Average 1934-38	8.4	11.3	20.2	9.3	78.3
1939	11.4	10.1	21.5	7.9	67.7
1940	9.5	13.6	23.1	10.4	75.8
1941	10.1	12.7	22.8	9.6	98.4
1942	9.2	13.2	22.4	9.4	132.1
1943	10.0	13.0	23.0	8.7	168.0
1944	11.3	14.3	25.6	10.9	196.0
1945 ^{4/}	11.2	14.7	25.9	12.3	197.0
1946 ^{4/}	12.5	13.6	26.1		

^{1/} Farm-sales weight.^{2/} Stocks for types 56, 61, and 62 are as of July 1.^{3/} A small quantity of type 45 for 1939 and 1940 is not included.^{4/} Preliminary.

Table 6.-United States exports of leaf tobacco, by types, 1935-39 average and annual 1940-46

(Approximate farm-sales weight equivalent 1/)

Year <u>2/</u>	Flue- cured	Burley	Fire- cured	Dark Air cured	Mary- land	Cigar	Perique
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
1935-39 Average	366.1	12.5	69.8	11.7	5.6	1.5	.1
1940	289.5	11.6	38.9	7.4	2.4	.6	<u>3/</u>
1941	155.6	5.6	18.6	4.7	2.6	2.0	<u>3/</u>
1942	291.3	6.4	17.5	3.0	1.0	.6	.8
1943	289.1	5.9	15.6	4.1	1.4	.6	.1
1944	355.3	9.0	16.7	3.2	1.8	2.6	.1
1945	454.3	9.4	63.9	6.3	3.0	3.5	.1
1946	486.6	35.3	47.6	13.1	<u>4/</u> 6.8	6.8	.1

1/ Estimated farm-sales weights of exports are subject to revision except perique which is export weight.

2/ Crop year basis varies by types -- flue-cured, year ending in June; Maryland, year ending in December; all others, year ending in September.

3/ 51,000 pounds in 1940 and 17,000 pounds in 1941.

4/ Month of December estimated.

Table 7.-Tax-paid withdrawals of tobacco products in the United States, calendar years 1945 and 1946, and October-December 1945 and 1946 1/

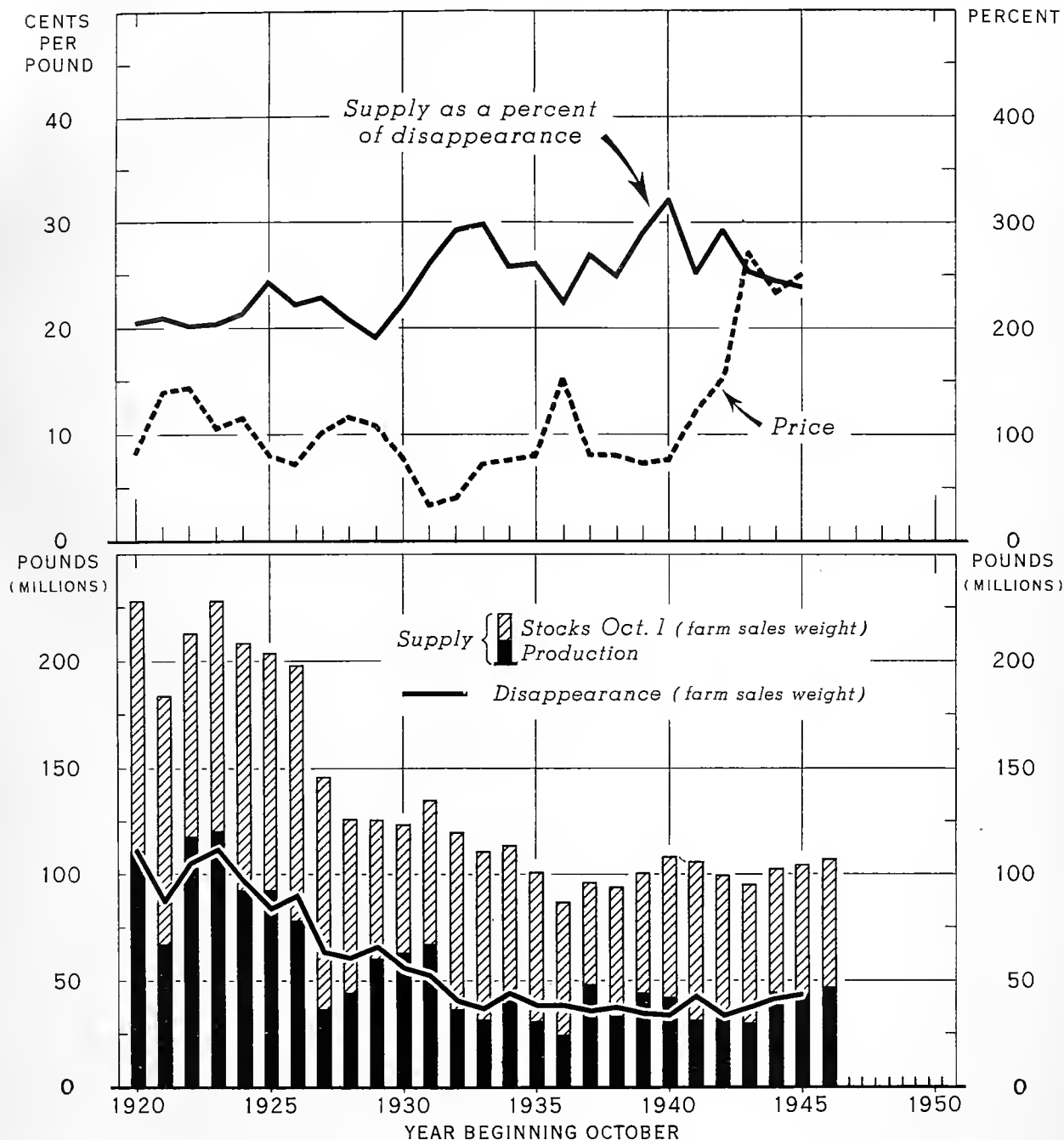
Products	Calendar year			Change	Oct.-Dec.		
	1945	1946			1945	1946	Change
	Millions	Millions	Percent		Millions	Millions	Percent
Small cigarettes.....	267,622	321,474	+ 20.1		72,807	83,169	+ 14.2
Large cigarettes.....	32	1	- 93.8		<u>2/</u>	<u>2/</u>	-
Large cigars.....	5,014	5,914	+ 17.9		1,357	1,620	+ 19.4
Small cigars.....	98	93	- 5.1		24	23	- 4.2
Snuff <u>3/</u>	43.6	39.7	- 9.1		10.5	10.3	- 1.9
Manufactured tobacco <u>3/</u>	270.2	211.1	- 21.9		63.2	57.5	- 12.2

1/ Tax-paid withdrawals include products from Puerto Rico.

2/ 360,000 in 1945 and 238,000 in 1946.

3/ Million pounds.

DARK AIR-CURED TOBACCO: PRICE RECEIVED BY FARMERS RELATED TO SUPPLY AND DISAPPEARANCE, UNITED STATES, 1920-46



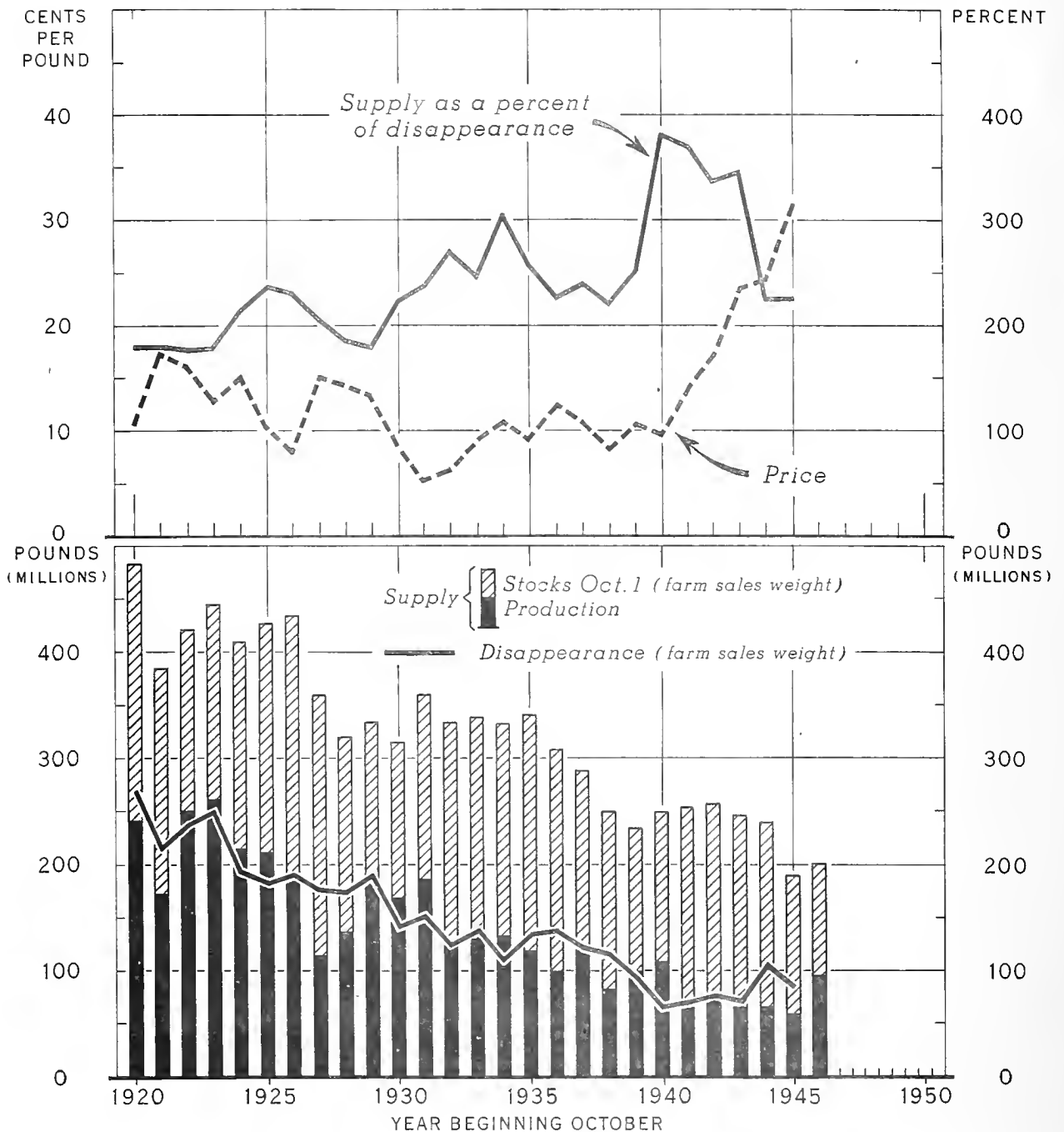
DATA FOR 1945 AND 1946 ARE PRELIMINARY

U. S. DEPARTMENT OF AGRICULTURE

NEG. 46269 BUREAU OF AGRICULTURAL ECONOMICS

The annual relationship between supply and disappearance has influenced prices received by growers for dark air-cured tobacco during much of the past quarter century. The decline in outlets since the early twenties was principally due to less chewing and decreases in exports. Other factors affecting prices are the level of general economic activity and tobacco programs. Increased chewing by personnel in war plants where smoking was prohibited, larger exports and government diversion programs for nicotine and other by-products contributed to much higher prices in the late war years. Quotas (except for type 37) and loans at rates based on 66 2/3 percent of the burley loan rate are effective through 1948.

FIRE-CURED TOBACCO: PRICE RECEIVED BY FARMERS RELATED TO SUPPLY AND DISAPPEARANCE, UNITED STATES, 1920-46



DATA FOR 1945 AND 1946 ARE PRELIMINARY

U. S. DEPARTMENT OF AGRICULTURE

NEG. 46270 BUREAU OF AGRICULTURAL ECONOMICS

The annual relationship between supply and disappearance has been a factor affecting prices received by growers of fire-cured tobacco during several of the past twenty six years. Outlets for these types have declined since the early Twenties as exports and chewing fell off. Snuff manufacture has been a more stable outlet. Other factors influencing prices are the general level of economic activity and tobacco programs. Diversion to by-product uses in the early war years and increased exports to replenish stocks in liberated Europe in the late war years contributed to higher prices for these types. Quotas and loans at rates based on 75 percent of the burley loan rate are effective through 1948.

U. S. Department of Agriculture
Washington 25, D. C.

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